

# **Submission by the South Australian Farmers' Federation (SAFF)**

*in response to*

## **The Productivity Commission's *Review of National Competition Policy Reforms (2004)* Discussion Draft**

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## **Introduction – Who we are**

The South Australian Farmers' Federation (SAFF) is the State's principal farmer organisation with a proud history of representation and support for farmers dating back more than 100 years. We represent industries which have helped to build South Australia, and will continue to play a key role in its future.

Agriculture and Horticulture contribute around \$5 billion annually to Gross State Production and account for around 55% of the State's export revenue. The Centre for International Economics has forecast that over the next decade these industries have the potential to contribute an additional \$1 billion to the State economy.

SAFF's aim is to assist South Australian farmers achieve sustainable profitability by providing representation, leadership and services to members, and to foster a unified voice to promote farming interests.

## **Background – Interest and involvement in National Competition Policy debate**

During 2004, a major campaign was run by SAFF dealing with the impact of National Competition Policy (NCP) reforms on rural and regional Australians, focussing particularly on those rural farming communities that rely on export markets for their commodities.

The high profile national campaign attracted widespread support from both farming and non-farming groups, most of whom clearly understood the damage that a purely economic rationalist approach would have on communities outside the metropolitan area.

Leading up to this campaign, in June 2004, SAFF made an initial submission to the Productivity Commission's *Review of National Competition Policy Reforms*.

In that Submission, SAFF pointed out that:

*Fair application of the "Public Interest Test" allows flexibility under NCP to consider social, environmental and regional objectives as well as purely economic imperatives with little or no regard to the two important non-economic components of the "triple bottom line" – social and environmental factors.<sup>1</sup>*

The report itself acknowledges that:

*The public interest test is a critical part of the reform process. However, it is also apparent that its role in the process has not been effectively promoted and, that insufficient attention — particularly in the earlier years of NCP — has been given to ensuring that it is appropriately applied.<sup>2</sup>*

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<sup>1</sup> , South Australian Farmers' Federation , Submission to the Productivity Commission of the Australian Government regarding the Review of National Competition Policy Arrangements, June 2004.

<sup>2</sup> Productivity Commission 2004, Review of National Competition Policy Reforms, Discussion Draft, Canberra, October, page 128.

The key message that seems to have been ignored by many advocates for even more wide-reaching applications of NCP is that export industries and domestic industries operate under very different pressures.

Farmers, for example, who are forced to operate under a strict NCP regime, must compete with nations which actively support their primary producers, either explicitly through financial assistance, or implicitly through legislative support such as export industry exemption from domestic competition policy.

SAFF believes this is the key issue that is being overlooked by policy makers, demonstrated quite pointedly by the Productivity Commission's Chairman Gary Banks, when he commented about the draft review, specifically regarding barley marketing, on ABC radio:

*"We've had evidence from Victoria that deregulating barley marketing has actually resulted in considerable gains for the industry in that State, so I don't know to what extent South Australia's barley industry is different to that in Victoria, but certainly the early results coming out of Victoria are very promising."*<sup>3</sup>

Grain marketing is one of the topical and often contentious areas of debate regarding National Competition Policy. But the key difference between SA's and Victoria's barley industries is that Victoria's barley is grown primarily for the domestic market while around 80% of SA's barley is destined for export markets.

This type of market difference shifts the focus and changes the face of the competition from within Australia to outside Australia.

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<sup>3</sup> ABC Radio, *Country Hour*, October 27, 2004

## Don't ignore the triple bottom line

It is perhaps a little unfashionable or quaint these days to adopt a national pride position when talking about Australian industry, and the term “support” often conjures up concerns about trade distorting protection that Australia has railed against for the past two decades. However, support for our national industries needs to be seen in the fuller context of the triple bottom line, that is the social, environmental and economic impacts and outcomes.

It is generally understood that the shapers of National Competition Policy did not venture on this reform path under the auspices of any discipline other than economic theory.

*Aside from water, reforms which specifically target improved environmental outcomes have not been a major focus of NCP. As the ACF commented:*

*Most of the NCP reforms (with the exception of the water reform program) were designed to increase competition, improve efficiency, and provide consumers with better quality goods and services at lower prices. They were not designed to achieve environmental objectives. (sub. 54, p. 1) Indeed, there were initially some concerns that the environment could be sacrificed to achieve efficiency improvements.<sup>4</sup>*

And while NCP does not actively eschew social and environmental outcomes, they are generally by-products of the process rather than integral to it. Consequently, there seems to be an anomaly in this assessment – environmental considerations are “explicitly embodied” in the public interest test, yet the primary focus is “efficiency”.<sup>5</sup> This is indeed the very one-dimensional attitude, entrenched in the economic paradigm that organisations such as SAFF, whose constituents are based in rural/regional Australia, are most concerned about.

Contrary to the “economics-privileged” theory of NCP, the triple bottom line is the philosophical basis for most of the political advocacy SAFF undertakes. Our focus is the sustainable continuation of farming industries and rural communities, a goal inextricably linked to economic, social and environmental outcomes.

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<sup>4</sup>cited in Productivity Commission 2004, page 108.

<sup>5</sup> Op Cit, pg 108.

This view was outlined in the major report published in March 2004, titled *A Triple Bottom Line for the Bush*.<sup>6</sup>

The objective of this policy initiative was to raise the economic, social and environmental viability of farmers and other country residents, to stabilise farmer and rural and regional population numbers.

*South Australian farmers manage 55 per cent of South Australia's land. Our State depends on their economic contribution. So too do the rural communities which support farming enterprise – farmers' spending is the economic backbone of small country towns. Small country towns provide services needed by farmers if they are to be competitive and successful. Together, farmers and rural communities ensure that rural and regional South Australia – over half the State, geographically — is diverse, vibrant and viable. Farmers and other rural South Australians cannot do it alone. It is widely documented that Australian farm numbers have been falling for many years. Commensurately, many rural populations are also in decline. Farmer and rural populations must be stabilised if South Australia is to prosper in the future, and for the State to preserve its bush heritage and protect and improve its environment. A South Australia without Adelaide's hinterland of farms and small country towns would represent a huge betrayal of our history and heritage.<sup>7</sup>*

The success of such a plan relies heavily on the legislative framework in which farming industries must operate. As stated previously, export income is the driving force for many farming industries. SAFF does not believe that export industries can be given a “fair go” under the present regime of domestic National Competition Policy and believes that alternative legislative guidelines need to be developed to accommodate this difference.

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<sup>6</sup> Blandy, Richard and SA Farmers Federation, *Rural South Australia Policy for the Future, A Triple Bottom Line for the Bush*, South Australian Farmers' Federation, Adelaide, March 2004.

<sup>7</sup> Blandy, Richard and SA Farmers Federation, Executive Summary.

## **Don't ignore the effects on rural and regional communities**

Time and time again, in positive reviews of the impact of National Competition Policy, it is stated that there will always be winners and losers in the process of competition reform.

*It is inevitable that reforms designed to remove sources of inefficiency in the economy will create some 'losers' as well as 'winners'. For example, NCP has led to job losses and reduced incomes in some regional communities, though it is apparent that other regional centres have often gained from the reforms.<sup>8</sup>*

What is generally accepted, and almost immediately glossed over with glib indifference by most capital city-biased bureaucrats, commentators and researchers, is that the losers are often those in the rural and regional communities.

But the draft review is quite dismissive of any arguments that suggest that NCP has in fact eroded, or has the potential to further erode, rural communities. The argument is that NCP has come on top of many other economic reforms – that is, it is just another pressure, rather than a key one.

*Many of the negative influences on activity and employment in country Australia, such as declining terms of trade for primary products and population drift from smaller rural communities, are of long standing and unrelated to NCP. Indeed, many producers, consumers and communities in country Australia have benefited from the NCP reforms.<sup>9</sup>*

*...it acknowledged that the early effects appeared to have favoured metropolitan areas more than rural and regional areas, and that there was likely to be more variation in the incidence of benefits and costs of NCP among country regions than in metropolitan areas.<sup>10</sup>*

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<sup>8</sup> Productivity Commission 2004, page 79.

<sup>9</sup> Op Cit, pg 79

<sup>10</sup> Op Cit, pg 91



*For one thing, NCP has come on top of other policy changes and reforms, including tariff reductions, financial market deregulation, industrial relations reforms, local government amalgamations and wider rationalisation of functions within the public sector. In addition, and outside the policy sphere, many other changes have affected farmers, miners and regional businesses over the last two decades or so. Indeed, most of the key influences on country Australia have been of a long-term nature and largely beyond government control. For example, over the last half century, world prices for many commodities – including a variety of agricultural products – have declined significantly in real terms. As a consequence, farmers’ ‘terms of trade’ have been trending downwards since the early 1950s and today are less than one-quarter of their level 50 years ago. Farmers have responded well to these pressures by raising their productivity through the use of better technology and greater realisation of scale economies. However, while helping to sustain the competitiveness of Australia’s agricultural sector, an inevitable consequence has been that farming has become much less reliant on labour, with obvious employment implications for surrounding communities.<sup>11</sup>*

However, given the acknowledgment that economic and social changes have already caused considerable pain to regional areas, it seems that NCP is prepared to deliver the fatal blow.

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<sup>11</sup> Op Cit, Pg 91

## **A fundamental flaw from a city-centric mindset**

What NCP attempts to do is lump all geographic stratas of Australian society in the one basket, as if everyone has the same access to “benefits” from greater competition; access to identical services etc. It is level playing field legislation without level playing field opportunities for all the players.

The Productivity Commission acknowledges in its 1999 review

... regions with above average reliance on agriculture have generally experienced lower rates of employment growth than regions with more diversified activity bases.” (PC 1999b).<sup>12</sup>

And goes onto say:

Farmers have responded well to these pressures by raising their productivity through the use of better technology and greater realisation of scale economies. However, while helping to sustain the competitiveness of Australia's agricultural sector, an inevitable consequence has been that farming has become much less reliant on labour, with obvious employment implications for surrounding communities.<sup>13</sup>

This is an easy statement to make, and while SAFF agrees with the need to encourage diverse industries in regional areas as a means of providing greater off-farm income, it must also be acknowledged by legislators that Australia needs to retain a viable primary food production industry. Farming cannot be a casualty of a policy, which its proponents accept already weights the benefits towards metropolitan Australia.

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<sup>12</sup> 1999b, Impact of Competition Policy Reforms on Rural and Regional Australia, Report no. 8, AusInfo, Canberra cited in Productivity Commission 2004, page 91.

<sup>13</sup> Op Cit, pg 91

## **Economies of scale**

The efficiencies through economies of scale argument is valid only up to a point. Under a triple bottom line assessment of any farming industry, the environmental imperative would draw a line in the sand as to how much volume could be produced to compensate for cheaper prices as a result of greater competitive pressures.

## The relativity of benefits

*Reductions in prices paid for electricity by many farmers provide a specific illustration of these benefits. Between 1996-97 and 2003-04, average real prices for this group fell in all jurisdictions, with the declines ranging from 2 per cent in South Australia to 34 percent in Victoria (ESAA 2004). As noted, it is widely acknowledged that NCP and related reforms have been major contributors to price reductions in the electricity sector.<sup>14</sup>*

*A number of participants commented in general terms on the benefits for rural and regional Australia of NCP reforms ... Reductions in prices paid for electricity by many farmers provide a specific illustration of these benefits.<sup>15</sup>*

There is a certain irony to this statement. Among the highest users of electricity in the farming community are dairy farmers. Yet many from this sector who could have benefited most from cheaper electricity have been forced out of the industry by factors such as NCP.

*Specifically, the Commission's modelling projects that the productivity and price changes in the infrastructure sectors will have led to higher employment than would otherwise have prevailed in 16 of the 57 regions, and lower employment levels than otherwise in the remaining 41 regions. **Half of the regions where employment is projected to be higher are in New South Wales (SAFF's highlighting).**<sup>16</sup>*

This again highlights that the larger population bases in NSW (both rural and metropolitan) are more likely to benefit from NCP reforms. This is another fundamental flaw in the policy if its ultimate success is almost always dependent on a large population base.

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<sup>14</sup> Productivity Commission 2004, page 96.

<sup>15</sup> Op Cit, pg 96.

<sup>16</sup> Op Cit, pg 97.

*Of course, the modelling provides only a partial perspective of the impacts of NCP and related reforms. For example, it does not pick up the effects of some key reforms of relevance to country Australia, such as the abolition of statutory marketing regimes for many agricultural products and the road transport reforms. And, though encompassing 57 regional areas, it is not sufficiently disaggregated to illustrate the impacts of NCP on smaller rural communities. Accordingly, in exploring the NCP's regional impacts, the Commission has drawn on a range of other data and input from participants.<sup>17</sup>*

If it is acknowledged by independent reviewers that most of the benefits of NCP reform lie with metropolitan communities, then if the price of non-reform is that farmers benefit more than their city counterparts from certain export marketing arrangements, for example, then the overall public benefit of a mix of NCP-reform measures for some industries and maintaining the status quo in others would tend to even out.

If the so-called objective research cannot be said to be comprehensive enough to give an accurate reflection of the impact of NCP on some smaller communities and it is relying on anecdotal submissions to determine such impacts, then it necessarily follows that these submissions should be given more credence to influence policy, which in the view of SAFF, they are not.

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<sup>17</sup> Op Cit, pg 95.

## Onus of proof

SAFF would argue that the clear differential in benefits between metropolitan and rural Australia, as a consequence of NCP reform, as well as the need to view any reforms through the filter of the triple bottom line, are grounds to favour the traditional onus of proof in determining the value of change. This view concurs with the Productivity Commission's assessment in the draft review.

*Traditionally, the proponents of a policy change have had to demonstrate that the change is worthwhile. Given the costs and uncertainties associated with policy changes, it is not unreasonable to require a good case to be made for change. However, in the case of NCP, governments endorsed the approach proposed by Hilmer (1993, p. 190) and reversed the onus of proof on the grounds that theory and evidence strongly suggest that removing restrictions on competition will typically be in the public interest. Also, requiring those who benefit from legislative restrictions on competition – and thus who typically have most incentive to see them retained – to address the wider community effects, can act as a counterweight to political pressure to ignore the less readily identifiable costs. However, where regulation has important social policy or environmental objectives the traditional onus of proof may be preferable.<sup>18</sup>*

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<sup>18</sup> Op Cit, pg 124.

## **Why the status quo is sometimes preferable to change**

While the NCC very conveniently argues that it has no power over State Government legislation (which is true), it does have the power to withhold incentive payments to States which do not undertake legislative reform in line with NCP.

Under the system that NCP operates, change is *de rigueur* – it is not an option. Industries must somehow squeeze into a theoretical economic framework or provide good reason (via the public interest test) to be made exempt from NCP. The problem is the public interest test is rooted in economics and demands that economic benefits be proven for the community as a whole.

## Conclusion: In blind pursuit of a theory

*Despite the widely acknowledged role of competition-related and other microeconomic reform in improving living standards, as noted at the outset of the chapter, reform 'fatigue' and 'malaise' appear to have been growing. In part, this reflects an understandable desire at both the community and political levels to escape the pressures and adjustment costs that attach to reform.*

*However, the notion that adjustment pressures can be avoided by holding back on reform is unrealistic. There are a range of other factors that will necessitate major adjustments in the Australian economy and society in coming years. Economic growth in developing countries, technological developments, attitudinal change and demographic factors (including population ageing) are but some examples. In other words, the community will have to deal with ongoing and often significant change, irrespective of the approach taken in relation to reform.*

*Moreover, other countries will not be standing still. Indeed, in an increasingly integrated global economy, policy inefficiencies in particular countries will be more heavily punished. Were Australia to abandon a commitment to reform, the magnitude of the required adjustments and their associated costs might well be larger not smaller. That is, ongoing reform can facilitate the development of a more resilient economy that is less susceptible to shocks — a point illustrated by Australia's capacity to 'ride-out' the recent Asian economic crisis.<sup>19</sup>*

There is a mantra running through this draft review that attempts to absolve NCP of any real responsibility for decline of rural and regional communities. It may not be fair to blame NCP for all the woes in bush, but it is equally irresponsible not to identify the role NCP plays and the potential it has to precipitate rural decline.

The gross inequity between metropolitan and regional communities, with regard to benefits from NCP reform and adverse consequences from reforms, should send a very clear warning signal to the Federal Government that the blanket application of NCP cannot continue.

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<sup>19</sup> Op Cit, pg 155.



## **Appendices**

**Appendix 1** – A Triple Bottom Line for the Bush (Report launch media release)

**Appendix 2** – Change NCP Campaign Media releases

- *Farmers lead fight to save export industries*
- *Costello abandons farmers over competition policy*
- *National pride should drive Australian export innovation*
- *Competition policy campaign gains national support*
- *Shameful silence from polities on NCP*
- *Mr Costello, Mr Latham, Mr Howard: It's time to take more than a shred of notice of National Competition Policy*
- *SAFF chiefs in talks with Treasurer over competition policy*
- *Costello backs farmers' calls for review of NCP public benefit test*

**Appendix 3** – Supplementary Documentation (*separate .pdf documents*) *Change NCP Campaign national newspaper (The Australian) advertisements.*

**Appendix 4** – Supplementary Documentation (*separate .pdf document*)  
Report titled *Securing Australia's Future – Removing the Last Export Impediment.*

## ***APPENDIX 1***

### ***A Triple Bottom Line for the Bush (Report launch media release)***



**SOUTH AUSTRALIAN FARMERS' FEDERATION**

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# NEWS Release



*"A Distributor of BP Products"*

NR04/14

Tuesday, March 30, 2004

***Embargoed until 1pm, Tuesday, March 30, 2004***

## **SAFF launches 'bush' survival plan**

A new report which calls for a radical rethink of how to maintain viable rural and regional communities is being launched today by the South Australian Farmers Federation.

Titled ***Rural South Australia Policy for the Future – A Triple Bottom Line for the Bush***, the report recommends that medium and long-term strategies with matched budgetary allocations – totalling around \$100 million annually – be developed to stem the flow of farmers from the industry and the consequent breakdown of rural communities.

The report, to be launched at the Gawler Place Canopy in Rundle Mall at 1pm today by Premier Mike Rann, calls for a cross-party task force to identify additional environmental and community services that can be provided by farmers and others living in rural and regional SA, which would be funded through State and Commonwealth budgets starting next year, with the aim of increasing farm family incomes by a minimum of \$5000 per year.

SAFF President John Lush said in commissioning the report by noted economist Professor Dick Blandy, the Federation wanted to move outside the traditional budget submission process which had become an ineffective way of getting concrete results for the farming sector.

"If you are serious about ensuring the survival and prosperity of an industry you don't look at things one year at a time," Mr Lush said.

“We want to break down the traditional dichotomies of city vs country, economy vs environment, heritage vs development and Government vs Opposition. Rural South Australia and its vital contribution to our economy are much too important to be given token attention in the budgetary process.

“SAFF had become increasingly sceptical of the ability of annual budget submissions to make an iota of difference to government policy for the bush. Instead of just complaining about it, we decided to come up with an alternative.”

At the core of the “triple bottom line” concept is utilising the people who live in country communities to perform the services needed by those communities. South Australian farmers manage 55% of the State’s land. SA depends on farmers’ economic contribution as do the rural communities which support farming enterprise. Farm family spending is the economic backbone of small country towns.

Small country towns provide services needed by farmers if they are to be competitive and successful. Together, farmers and rural communities ensure that rural and regional South Australia – over half the State, geographically — is diverse, vibrant and viable.

Farmer and rural populations must be stabilised if South Australia is to prosper in the future, and for the State to preserve its bush heritage and protect and improve its environment.

The core idea of the SAFF proposal is to create more non-agricultural employment opportunities for people in the regions, including farmers. Raising the economic, social and environmental viability (the triple bottom line) of farmers and other country residents would help stabilise farmer and rural and regional population numbers.

“As in other advanced countries, nearly half the income of farm families now comes from non-farm sources. Our initiative builds on this trend by identifying increased opportunities for providing environmental and community services in rural areas that the whole South Australian community can value and reward,” Mr Lush said.

“We all hear of how city people – be they teachers doctors, nurses or whatever – are loath to travel to the country for work. This plan encourages training of local people to take on these jobs, enabling them to stay in their own communities.”

He said another important part of the plan was the vital role farmers could play as environmental managers.

“It makes sense to have those who are already the custodians of the land be remunerated to look after that land. This in turn provides some incentive to stay on the land,” Mr Lush said.

He said SAFF’s report should be seen in the context of creating a sustainable future for rural communities across the state and that it was not about providing “state-funded aid to farmers”.

“This is not about hand-outs – it’s about government services being outsourced in an efficient way to farming families in order to provide benefits to rural and regional communities,” Mr Lush said.

“We’re not aiming this at the top 10% of producers with annual turnovers in excess of \$1 million, we’re aiming it at farmers across the State, many of whom have annual incomes well below average. This is about the sustainability of the rural and regional sector as a whole and you can’t have that with just a handful of people remaining in the bush.”

Mr Lush said SAFF was committed to working in partnership with the State Government to developing a strategic plan for rural South Australia that met the broad aims of the Federation’s report.

“The cost of this initiative in State budget terms will be small in proportion to the extent of resources reallocated to rural and regional SA within existing portfolios, and by the economies that can be achieved by outsourcing delivery of services to rural businesses and community agencies,” he said.

**The full report will be available to download at [www.saff.com.au](http://www.saff.com.au) from 1pm today.**

***Media Contacts: SAFF President John Lush, ph 0417 809 785 or SAFF General Manager Carol Vincent 0414 916 884.***

## ***APPENDIX 2***

### ***Change NCP Campaign Media releases***



**SOUTH AUSTRALIAN FARMERS' FEDERATION**

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# NEWS Release



*"A Distributor of BP Products"*

NR04/14

Wednesday, August 25, 2004

## ***Farmers lead fight to save export industries Un-Australian competition policy must go***

South Australia's peak farmer lobby group, the SA Farmers' Federation (SAFF), today launched a national campaign for fairer competition rules for export industries, saying that as many as two million Australian jobs were at risk because of industry reforms demanded by the National Competition Council (NCC).

The campaign, which is being supported by the Western Australian Farmers' Federation (WAFF), stems from increasing concerns that agricultural industries, many of which produce predominantly for export markets, have been targeted by the NCC for radical structural change. At the same time, the NCC has threatened to withhold competition incentive payments to state governments if they do not make the required legislative changes to accommodate National Competition Policy.

SAFF President John Lush said nearly one in five Australian jobs\* were linked to export industries, representing about two million Australians faced with uncertainty because of a wholesale policy to erode Australia's international marketing powers.

"Our campaign is about creating an even playing field for our export industries," Mr Lush said.

"It is ludicrous, verging on being un-Australian, to hold back our export industries with domestic competition policy when we attempt to compete in the global arena.

"This is not about reducing competition in the global free trade environment – but free trade is not free when the playing field is not level.

"Australian industries should have the same opportunities to compete internationally as other nations have, but ironically the very policy that was supposed to promote competition actually reduces Australia's competitiveness when it spills over into the international market place."

Mr Lush said countries such as the United States had long taken a 'national interest' approach when it came to providing their export industries with a legislative framework to compete internationally.

"The US Government knows that the rules that apply to domestic competition make no sense once you leave your shores. In the export game, the competition is not between local businesses but with the rest of the world. If we in Australia do not follow suit, our export industries will be severely compromised and some will be ruined," he said.

Mr Lush said SAFF had taken the lead in this debate because if deregulation policies were to get a foothold in agricultural industries there would be no turning back regardless of the damage caused.

"In the agricultural sector we are fighting for the very survival of our rural and regional communities. If an agricultural industry folds, it takes many other jobs with it. Billions of dollars of agricultural products are destined for export markets. We stand to lose a great deal if the NCC continues to target export industries using pure economic ideology to guide its decisions," he said.

"National Competition Policy is actively working against export industries - this type of policy is not in our national interest. NCP cannot work in industries that sustain small populations, such as those in rural communities.

"Agriculture remains one of the most essential export earners for Australia. As a nation, we cannot afford to run our farming industries into the ground. Competition policy cannot be 'one size fits all'."

Mr Lush said while in theory National Competition Policy allowed for certain regulatory or legislative structures to remain in place if an over-riding public interest could be proven, it rarely happened in practice.

"NCP has been applied to farm production according to the strictest definition of 'public interest', with no real acknowledgement of the non-economic components of the triple bottom line – namely the social and environmental benefits," he said.

"This approach led to the withholding of competition payments to South Australia unless our State Government took steps to open up the export barley market."

Mr Lush said the Federal Government needed to rein in the NCC and demand that it apply a broader definition of public interest, when assessing industry structures and practices.



“As it stands now the NCC can make decisions based on purely economic imperatives to demand legislative amendments or industry restructuring,” he said.

***Note: A range of media materials for this campaign is loaded onto the USB Flash Drive.***

*\* figures based on data from the Department of Foreign Affairs and Trade.*

***Media Contact: SAFF President John Lush, ph 0417 809 785***



**SOUTH AUSTRALIAN FARMERS' FEDERATION**

# NEWS RELEASE

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*"A Distributor of BP Products"*

NR04/16

Thursday, August 26, 2004

## ***Costello abandons farmers over competition policy***

In responding to a campaign for fairer National Competition Policy for Australia's export industry's on ABC TV's Adelaide news last night (Wed, August 25, 2004), Federal Treasurer Peter Costello demonstrated a complete lack of commitment to Australia's primary producers, and attempted to discredit the campaign as a slur against the Free Trade Agreement with the United States, the South Australian Farmers' Federation said today.

SAFF President John Lush said Mr Costello had completely missed the point when he argued that Australian producers would benefit in the international trade arena from freer competition policies.

"We were not talking about the Free Trade Agreement, we're talking about competition policy and mechanisms we need to ensure we have a level playing field when competing on the world stage," Mr Lush said.

"The US dominates Australia in the trading environment and we cannot afford to lose any of our advantages such as collective bargaining and single desk marketing if we are to have any chance of competing internationally.

"What we are asking for is no more than what our trading partners already enjoy."

SAFF General Manager Carol Vincent said she was appalled at the lack of commitment to Australia's export industries shown by the Federal Government.

"In our media statement yesterday we described National Competition Policy, as it is applied to export industries, as verging on un-Australian. Does this Government or any future government want to be labelled un-Australian for not backing our exporters?," she said.

Ms Vincent added that Mr Costello's lack of understanding demonstrated that he had no regard for farmers and rural communities.

"The Treasurer, as the Federal Minister responsible for National Competition Policy, has the power to change the policy in a heartbeat," she said.

"His unwillingness to even talk to us about this shows a total disregard for the people who maintain this economy and pay his salary."

Mr Lush said the South Australian and Western Australian Farmers' Federations were calling on the Treasurer to meet with them as a matter of urgency before the next stage of the "Change NCP" campaign began.

***Media enquiries: SAFF President John Lush 0417 809 785 or SAFF General Manager Carol Vincent, 8100 8701.***



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# NEWS RELEASE



*"A Distributor of BP Products"*

NR04/23

September 29, 2004

## ***National pride should drive Australian export innovation***

The South Australian Farmers' Federation (SAFF) has called on the Federal and State governments to broaden their vision and seek innovation by introducing a moratorium on competition policies that seek to dismantle collaborative marketing arrangements for export industries.

This was the key recommendation in a paper presented to Federal Treasurer Peter Costello in Canberra last week.

The Federation believes that Australian businesses working cooperatively across the value chain and in international markets is the recipe for success for existing export industries and also for those domestic industries that have the potential to develop markets offshore.

"A successful export-led economy is about Australians working together with a common goal to succeed in world markets," SAFF President John Lush said.

"Australia already has some of the best research and development centres in the world across a range of industry sectors. We need to take the next step to capitalise on this innovation culminating in export growth.

"The approach that we would like to see is the exact opposite of the National Competition Policy philosophy which seeks to divide export industries, effectively weakening their market power.

"We're advocating an approach that allows export markets to grow by creating value chain efficiencies and opportunities in export industries to return the maximum profit back to Australia.

"Essentially this is about having pride and belief in Australian industry and innovation. We remain a small country in terms of population so our national wealth

will always depend on exports. One in five Australian jobs is in export industries so governments must get this policy right or people will be left behind and jobs will be lost.”

Both SAFF and the Western Australian Farmers’ Federation have pledged to work with all tiers of government to develop “export-friendly” strategies, particularly for the agricultural industries their members work in.

Mr Lush said many rural communities were likely to suffer greatly if Australia’s attitudes to its export industries did not change.

“Farming industries face the ever-present threat of drought as well as the fact that they must compete against heavily subsidised nations for their export markets. They cannot afford to be hit for six by policies that actively seek to handicap their only export advantages,” he said.

He said that although the potential economic costs of unbridled National Competition Policy were extremely high, there were also likely to be devastating social and environmental costs.

“The bottom line is that if a rural community cannot sustain itself economically, it will very quickly start to disintegrate socially, as people move to larger regional and capital cities to find work,” Mr Lush said.

“And when farmers are struggling to make a living, there is not only no incentive to look after the environment, it is economically impossible to do so if you are forced to push your land to the limit.”

Mr Lush said a moratorium on NCP should be introduced as soon as possible and maintained through to June 2006, when National Competition Council incentive payments to the states are due to end.

“This will give Australian industries the time to develop innovative export marketing strategies in lieu of the flawed policy that has been foisted on many industries in the wake of NCP,” he said.

***Media Contact: SAFF President John Lush, ph 0417 809 785***



SOUTH AUSTRALIAN FARMERS' FEDERATION

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# NEWS RELEASE



*"A Distributor of BP Products"*

NR04/17

Tuesday, August 31, 2004

## ***Competition policy campaign gains national support***

A campaign calling on the Federal Government to reform National Competition Policy (NCP) to exclude export industries has been greeted with a groundswell of support across the country, according to the South Australian Farmers' Federation (SAFF).

SAFF General Manager Carol Vincent said the ***Change NCP*** campaign had attracted many positive emails and phone calls since it was launched with a full-page advertisement in *The Australian* newspaper on August 25.

"We've been getting around 500 hits on our website every day, so it has certainly struck a chord with people," Ms Vincent said.

"We seem to be saying, for the first time, what a lot of people have been thinking but have felt powerless to do anything about.

"Because both the Federal and the state governments have been passing the buck on this issue, many had thought it a lost cause. We do not believe this is the case, so we're resurrecting this issue and putting all our resources behind achieving change.

"Our campaign is particularly relevant and timely now in light of the federal election having just been called. We believe politicians can't help but take notice and take us seriously."

The thrust of the campaign is that export industries, which employ one in five Australians – equating to about two million jobs – are under threat if they cannot get a fair go from NCP.

“Many of those jobs could be lost if the Government continues to actively disadvantage our export industries in the international arena,” Ms Vincent said.

She said Australian business wanted nothing more than a level playing field to compete in overseas markets.

“We are not against competition policy on principle, but against the way it is being implemented,” Ms Vincent said

Ms Vincent and SAFF President John Lush will be holding a series of meetings in Canberra with politicians and business lobby groups to discuss future stages of the **Change NCP** campaign.

For more information visit [www.saff.com.au/changencp](http://www.saff.com.au/changencp)

***Media Enquiries: SAFF General Manager Carol Vincent, ph (08) 8100 8701 or  
SAFF President John Lush, ph 0417 809 785***



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# NEWS RELEASE

NR04/18

Thursday, September 2, 2004

## ***Shameful silence from polities on NCP***

### ***Don't ignore the evidence Mr Costello, Mr Latham, Mr Howard!***

The South Australian Farmers' Federation calls on Australia's key political leaders to declare their hands on National Competition Policy (NCP) after Deputy Prime Minister John Anderson, in a radio interview today, demonstrated his complete lack of understanding of Australian farmers' concerns.

SAFF President John Lush said rural Australians, a quarter of whom relied on export industries for their very survival, would not be cast off as irrelevant in this Federal election campaign.

"I know our message is being heard, we've been pretty loud on this, but it seems that our politicians are not really listening to what we're saying and don't seem to understand their own policies and how they're implemented," Mr Lush said.

"This is not a partisan campaign, it's about getting the best results for communities that live or die by the success of their export industries.

"Again we call on Mr Costello as Treasurer in charge of National Competition Policy, on Mr Howard as Prime Minister and Mr Latham as Opposition Leader – and possibly future Prime Minister – to start listening to rural voters who are saying: 'enough is enough – don't let domestic policies impact on world export markets, because it means less money for Australia'."

For more information about SAFF's NCP campaign visit  
[www.saff.com.au/changencp](http://www.saff.com.au/changencp)

***Media Enquiries: SAFF President John Lush, ph 0417 809 785***





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# NEWS RELEASE



*"A Distributor of BP Products"*

NR04/19

Wednesday, September 8, 2004

***Mr Costello, Mr Latham, Mr Howard***

## ***It's time to take more than a shred of notice of National Competition Policy***

The South Australian Farmers' Federation (SAFF) stepped up the heat on Federal Politicians today, placing a second advertisement in *The Australian* newspaper calling on Federal Treasurer Peter Costello, Prime Minister John Howard and Opposition Leader Mark Latham to declare their support for Australia's export industries by committing to change National Competition Policy (NCP).

SAFF President John Lush said now that the election campaign had begun, it was absolutely imperative that voters, particularly in regional electorates, knew the policies of the two major parties.

"We have seen politicians duck and weave over competition policy and they've linked it wrongly to the Free Trade Agreement. Despite this we are determined to pin them down to make them accountable.

"We are fighting this campaign on behalf of the two million Australians who work in industries associated with exports, and particularly our farmers, who contribute close to \$40 billion annually to the Australian economy, and who rely on international markets to be viable and sustainable."

Mr Lush said while many grassroots Australians had expressed concern about NCP and offered support for the SAFF campaign, Australian's political leaders had been conspicuously silent.

"This is not a political game – it is an issue of substance that needs to be debated seriously in the public arena because people's livelihoods are at risk," he said.

“We remain resolute that NCP needs to change if our export industries are to get a fair go competing against heavily protected and subsidised industries in other developed nations.”

“We want to see a pro-Australian industry policy from our political leaders and believe a bi-partisan stance on NCP would be best outcome.”

For more information visit [www.saff.com.au/changencp](http://www.saff.com.au/changencp)

***Media Enquiries: SAFF President John Lush, ph 0417 809 785***



**SOUTH AUSTRALIAN FARMERS' FEDERATION**

# NEWS RELEASE

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*"A Distributor of BP Products"*

NR04/21

September 22, 2004

## ***SAFF chiefs in talks with Treasurer over competition policy***

South Australian Farmers' Federation President John Lush and General Manager Carol Vincent will be in Canberra today to meet with Federal Treasurer Peter Costello and to put the case for Australian agricultural export industries to be granted exemption from National Competition Policy.

The high-level meeting, which comes in the middle of the Federal Election campaign, marks an important point in SAFF's national campaign for reform of NCP.

One of the key issues expected to be discussed will be the future of the single desk arrangements for marketing of Australian grains, an industry likely to be hit hard if deregulation were to get a foothold.

The SAFF delegation will present the Treasurer with a concise outline of how Australia can secure export advantages without compromising policies such as the free trade agreement with the United States.

SAFF is seeking a pledge from Mr Costello that if the Liberal Party is re-elected it will adopt a pro-export stance and move to secure orderly marketing systems that ensure profits are maximised for Australian producers.

Mr Lush said the meeting had followed calls from SAFF for both the Liberal and Labor parties to declare their support for export industries by removing impediments such as NCP compliance.

“We are very pleased to have secured this meeting with the Treasurer in the middle of his extremely busy election campaign schedule. We believe the argument we have been putting during this campaign is worthy and realistic, and can be implemented without detracting from any of the benefits National Competition Policy has brought to this country,” he said.

“Our message is that Australia has no trade protections for its agricultural industries, yet we are competing against countries that pile on the support for their farmers. By having strong collaborative marketing arrangements in place we retain one of the few advantages we have for maximising profits for this country, particularly in our rural communities.”

***Media Contact: SAFF President John Lush, ph 0417 809 785***



SOUTH AUSTRALIAN FARMERS' FEDERATION

# NEWS RELEASE

NR04/22

Thursday, September 23, 2004

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## ***Costello backs farmers' calls for review of NCP public benefit test***

Federal Treasurer Peter Costello, in talks with the South Australian Farmers' Federation (SAFF) in Canberra yesterday, offered to meet with SA Premier Mike Rann and the Federation to discuss National Competition Policy payments and the process for South Australia to qualify.

SAFF President John Lush said this was a major step forward in the Federation's **Change NCP** campaign because it provided a forum for negotiation to achieve a positive outcome for Australia's export industries and the rural sector.

In a meeting lasting 45 minutes, Mr Lush and General Manager Carol Vincent discussed the Federation's calls for NCP reform. They highlighted to Mr Costello the plight of SA's barley growers who stood to lose considerable income if marketing legislation eroded the existing export single desk.

The delegation also discussed the national export arrangements for wheat. Mr Lush said the Treasurer re-iterated that it was Coalition policy to support and secure the wheat single desk managed by AWB International Ltd.

Mr Lush said the talks had been extremely positive and SAFF was very pleased to have received such a high-level meeting in the middle of the Federal election campaign.

"The Treasurer stated his and the Coalition's support for farmers and the rural sector and believed it was important to meet with one of the nation's key lobby groups to hear our concerns – which is more than I can say for the Labor Opposition hierarchy which has given us no time at all and virtually ignored farmers," he said.

Mr Lush said while no commitment was made for the wholesale exemption of export industries from NCP, Mr Costello did acknowledge that the social and environmental aspects had not always been adequately considered when assessing the public benefit of anti-competitive legislation.

“He agreed that this had not been done fairly in some of the legislative reviews conducted by the states and he said that new submissions could be presented if it was believed a review’s original findings had been flawed,” Mr Lush said.

During the meeting Mr Costello also said it was the Coalition’s intention to end competition payments to the states by June 2006.

Mr Lush said SAFF was pleased to have opened up dialogue with one of the most influential and powerful leaders on the national scene.

“The Treasurer has pledged to work with us to ensure that farmers get a fair go,” he said.

***Media Contact: SAFF President John Lush, ph 0417 809 785***

## **APPENDIX 3**

***Supplementary Documentation (separate .pdf documents) Change NCP Campaign national newspaper (The Australian) advertisements.***

***APPENDIX 4 – Supplementary Documentation  
(separate .pdf document)***

***Report titled Securing Australia's Future –  
Removing the Last Export Impediment.***